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# IR Briefing for 1Q Fiscal Year ending March 2020

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August, 2019

Inabata & Co., Ltd.

**Net sales:                    ¥153.4 billion                    -3.0% YoY**

**Sales fell in the Plastics business**

**Operating profit:            ¥3.5 billion                    +0.6% YoY**

**Operating profit increased slightly thanks to strong sales in the Information & Electronics business**

**Ordinary profit:            ¥4.3 billion                    +15.3% YoY**

**Ordinary profit rose due to lower non-operating expenses and higher dividend income**

**Profit attributable to owners of parent:            ¥3.0 billion                    -17.5% YoY**

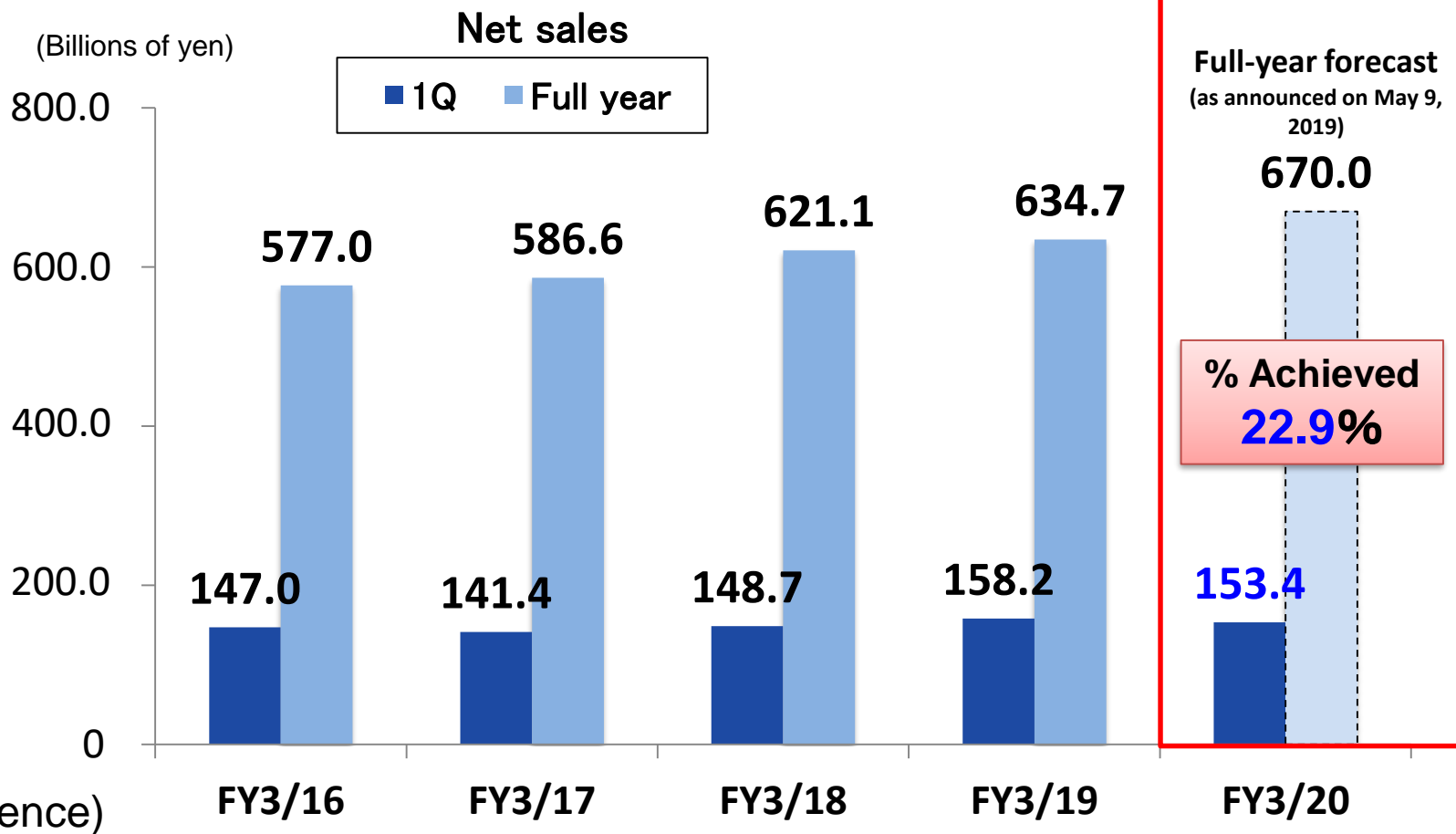
**Profit attributable to owners of parent fell despite an increase in ordinary profit because the company recorded no gain on sales of investment securities**

# Consolidated Results Review – 1Q FY3/2020

(Billions of yen)

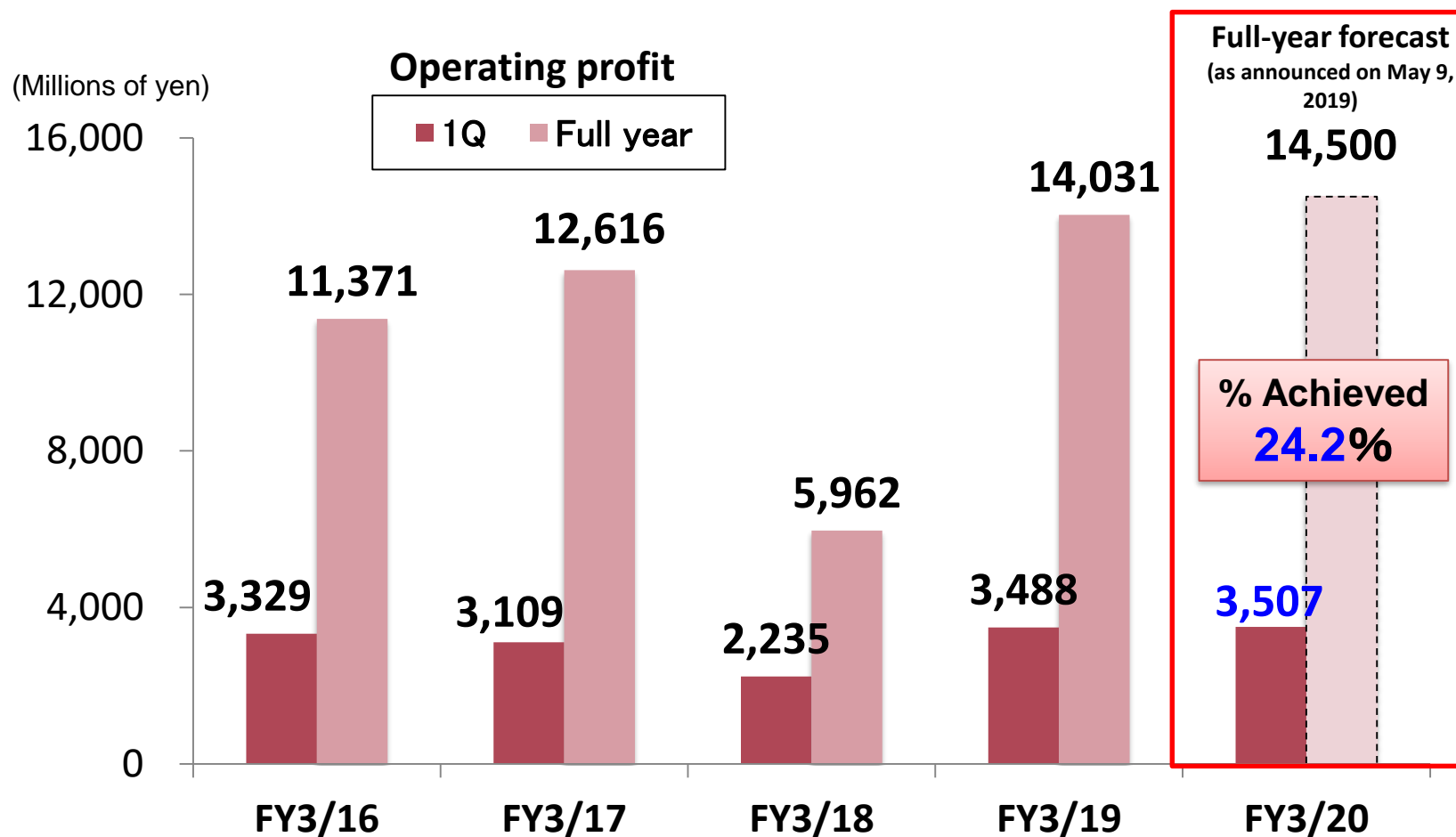
	Q1 FY3/19	Q1 FY3/20 (A)	YoY change		Forecast announced May 9, 2019 (B)	Achievement rate (A)/(B)
			Amount	%		
Net sales	158.2	153.4	-4.7	-3.0%	670.0	22.9%
Operating profit	3.4	3.5	+0.0	+0.6%	14.5	24.2%
Ordinary profit	3.7	4.3	+0.5	+15.3%	14.5	30.2%
Profit attributable to owners of parent	3.7	3.0	-0.6	-17.5%	11.0	27.8%
Exchange rate (USD/JPY)	109.10	109.90	+0.80		110.00	

# Sales Trends



		FY3/16	FY3/17	FY3/18	FY3/19	FY3/20
Exchange rate: USD/JPY	1Q	121.43	108.04	111.09	109.10	109.90
	Full year	120.15	108.34	110.85	110.92	(*Note) 110.00

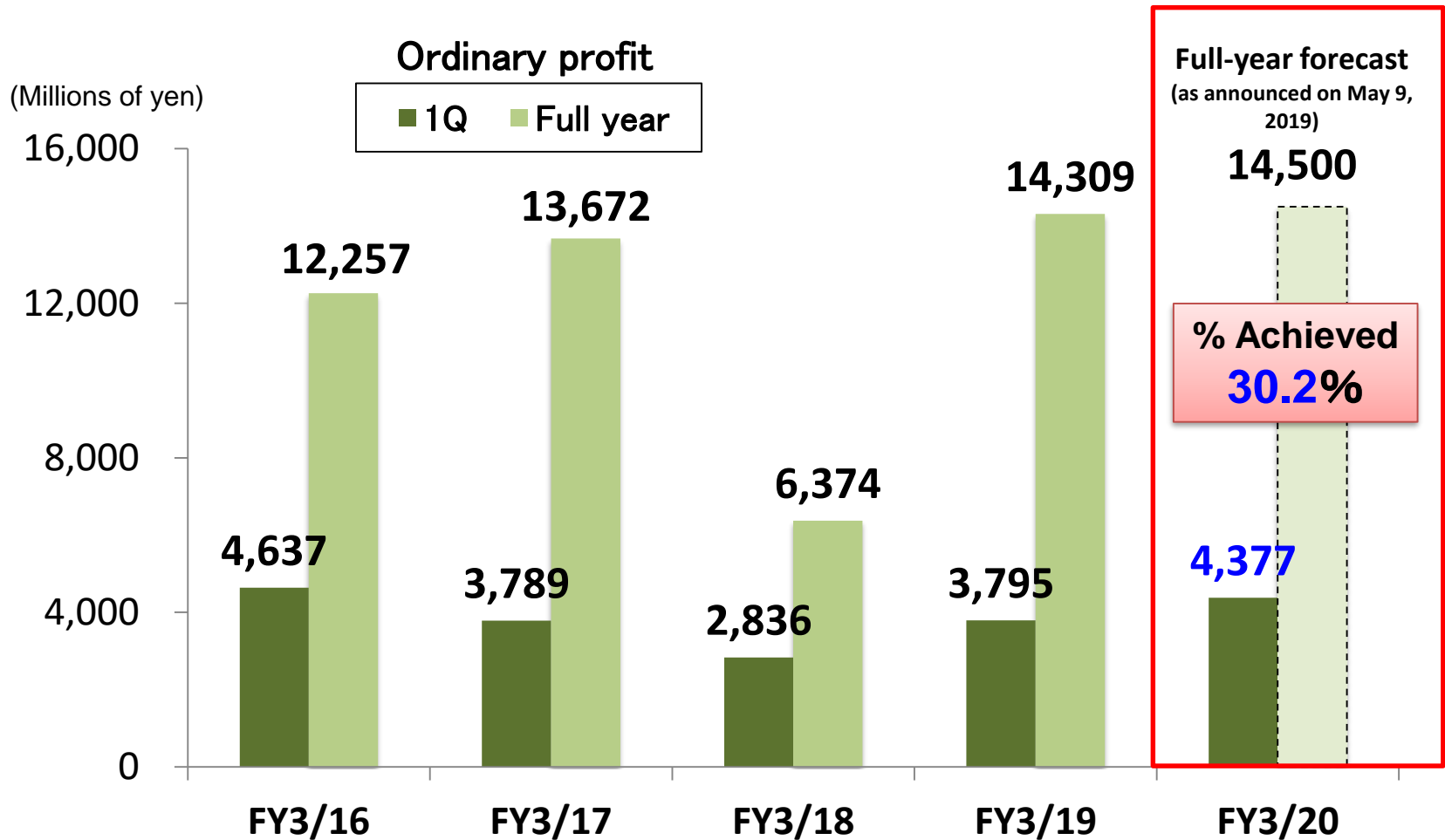
# Operating Profit Trends



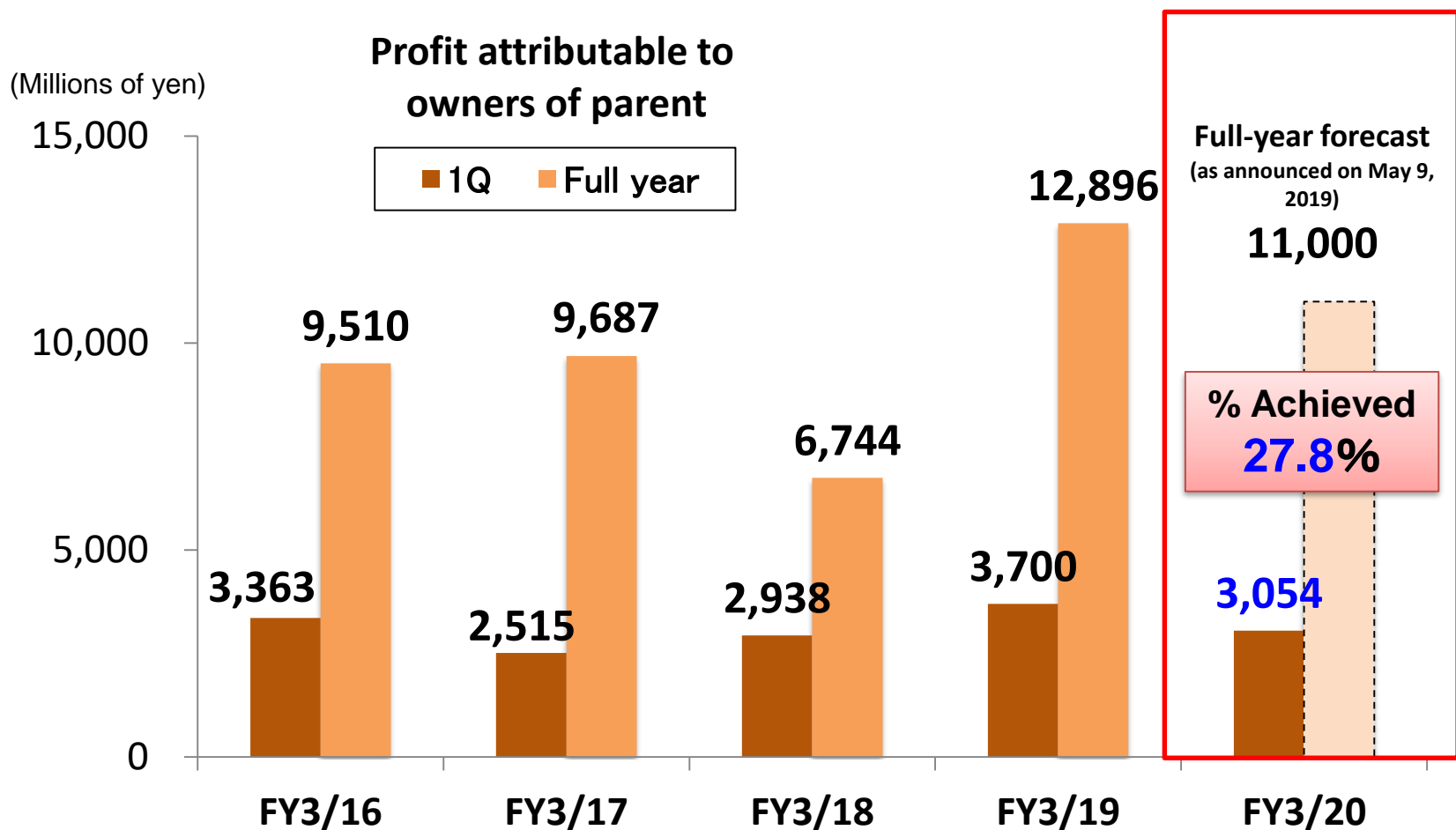
\*Recorded allowance for doubtful accounts at a European subsidiary in FY3/18

1Q: ¥900 million; Full year: ¥6.65 billion

# Ordinary Profit Trends



# Profit Attributable to Owners of Parent Trends



\*Recorded gain on sales of investment securities  
1Q FY3/19: ¥1.66 billion

# Balance Sheet



- Both investment securities and accumulated other comprehensive income fell due to a drop in the market value of investment securities held

(Billions of yen)

Assets	End-FY03/19	End-June 2019	Change
Cash and deposits	26.9	23.4	-3.4
Notes and accounts receivable - trade	163.9	163.4	-0.5
Inventories	57.4	56.6	-0.7
Other current assets	8.2	6.9	-1.3
Property, plant and equipment	13.4	14.3	+0.8
Intangible assets	3.2	3.2	+0.0
Investment securities	86.3	70.5	-15.8
Other fixed assets	6.8	6.8	-0.0
<b>Total assets</b>	<b>366.5</b>	<b>345.4</b>	<b>-21.0</b>

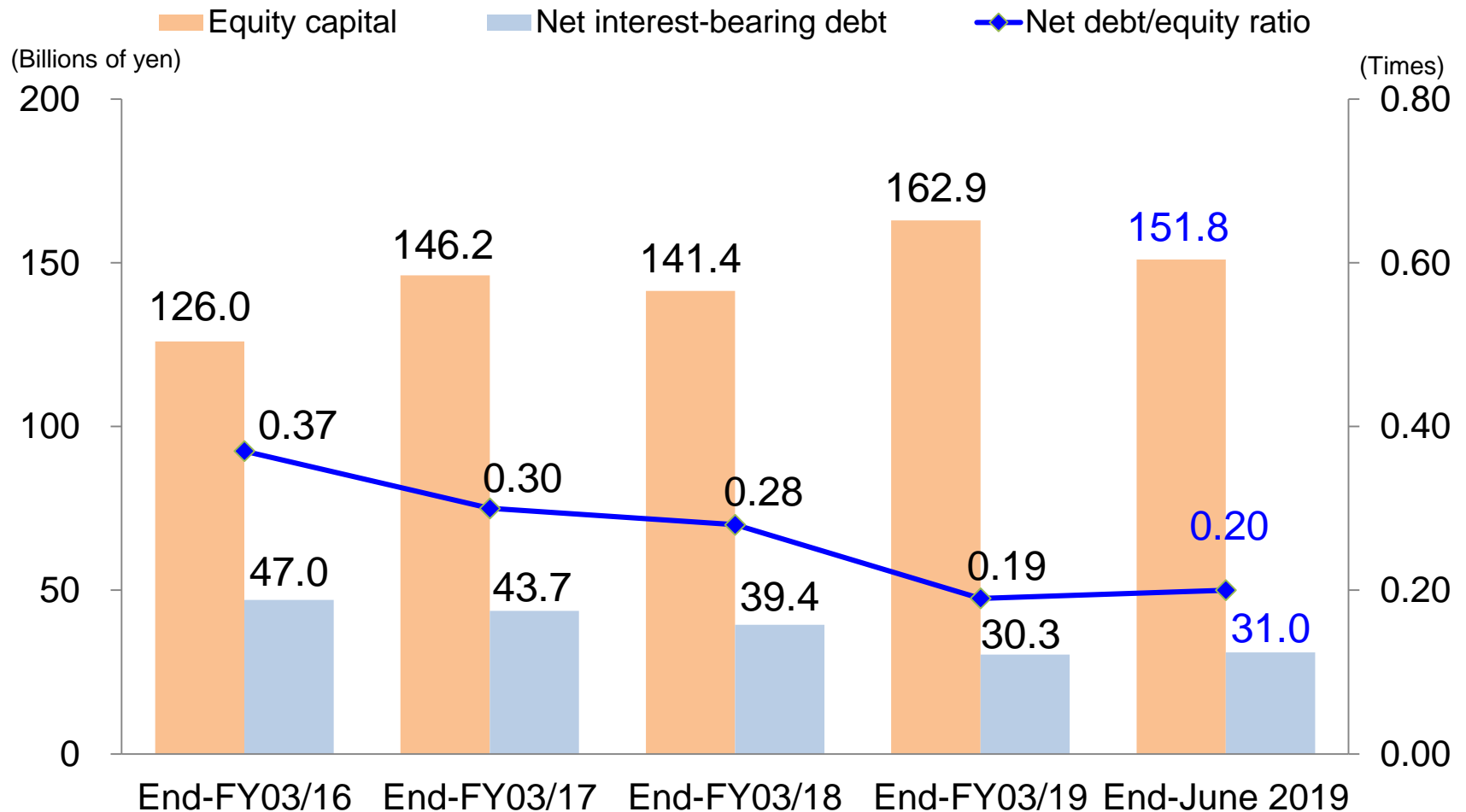
Liabilities and net assets	End-FY03/19	End-June 2019	Change
Notes and accounts payable - trade	109.7	107.8	-1.9
Short-term loans payable	43.6	41.0	-2.5
Other current liabilities	11.2	10.0	-1.1
Long-term loans payable	13.6	13.5	-0.1
Other non-current liabilities	23.5	19.5	-3.9
Shareholders' equity	111.2	112.4	+1.1
Accumulated other comprehensive income	51.7	39.3	-12.3
Non-controlling interests	1.7	1.6	-0.1
<b>Total liabilities and net assets</b>	<b>366.5</b>	<b>345.4</b>	<b>-21.0</b>

Current ratio	155.9%	157.7%
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Equity ratio	44.5%	43.9%
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# Equity Capital, Net Interest-Bearing Debt, Net Debt/Equity Ratio



Notes: Equity capital = Net assets – stock acquisition rights – non-controlling interests  
 Net debt/equity ratio = (Interest-bearing debt – cash and deposits) / equity capital

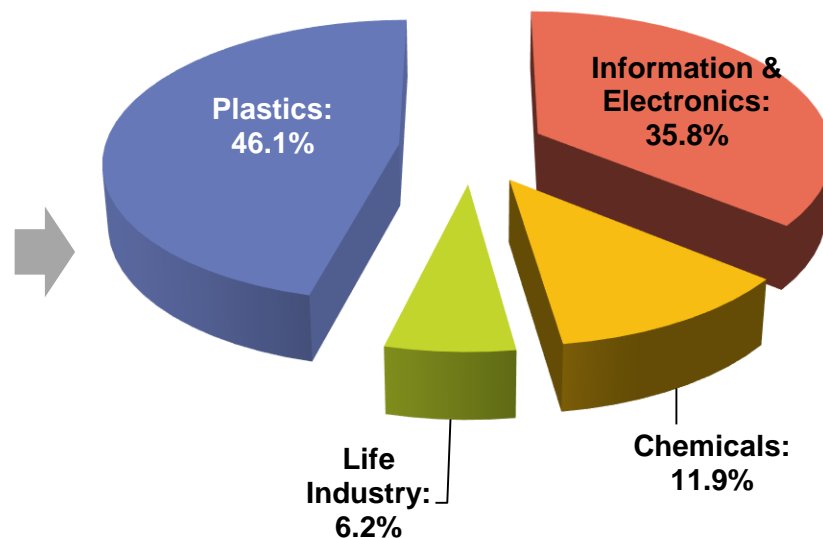
# Sales by Business Segment

- ✓ In the Information & Electronics segment, sales of polarizing films grew in China.
- ✓ In the Plastics segment, sales related to OA and electronics were sluggish in Asia.

## Sales

(Billions of yen)

	1Q FY3/19	1Q FY3/20	YoY change
Information & Electronics	51.4	55.0	+6.9%
Chemicals	19.5	18.1	-7.2%
Life Industry	10.4	9.4	-9.5%
Plastics	76.6	70.7	-7.7%
Other	0.0	0.0	+4.5
Total	158.2	153.4	-3.0%



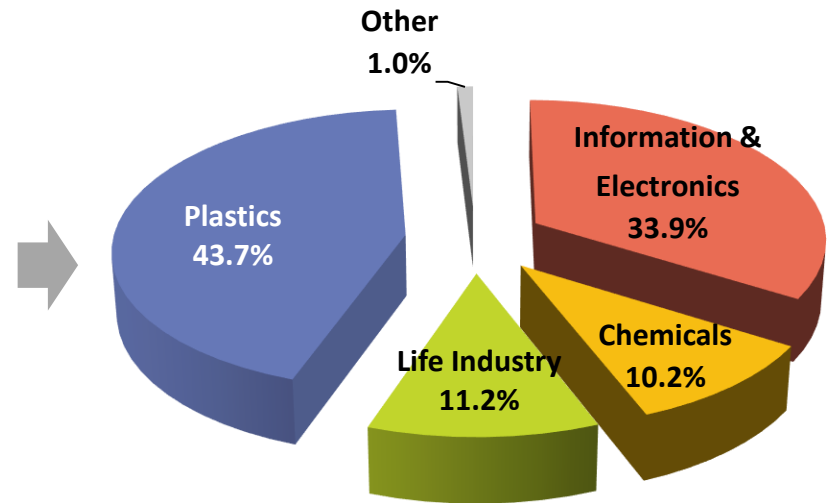
# Operating Profit by Business Segment

- ✓ Operating profit rose in the Information & Electronics segment thanks to strong sales of polarizing films and polarizing film materials.
- ✓ In the Plastics segment, operating profit fell due to sluggish OA- and electronics-related sales.
- ✓ Operating profit also decreased in the Life Industry segment due to lower sales of high-margin pharmaceutical ingredients and sluggish food-related performance.

## Operating profit

(Millions of yen)

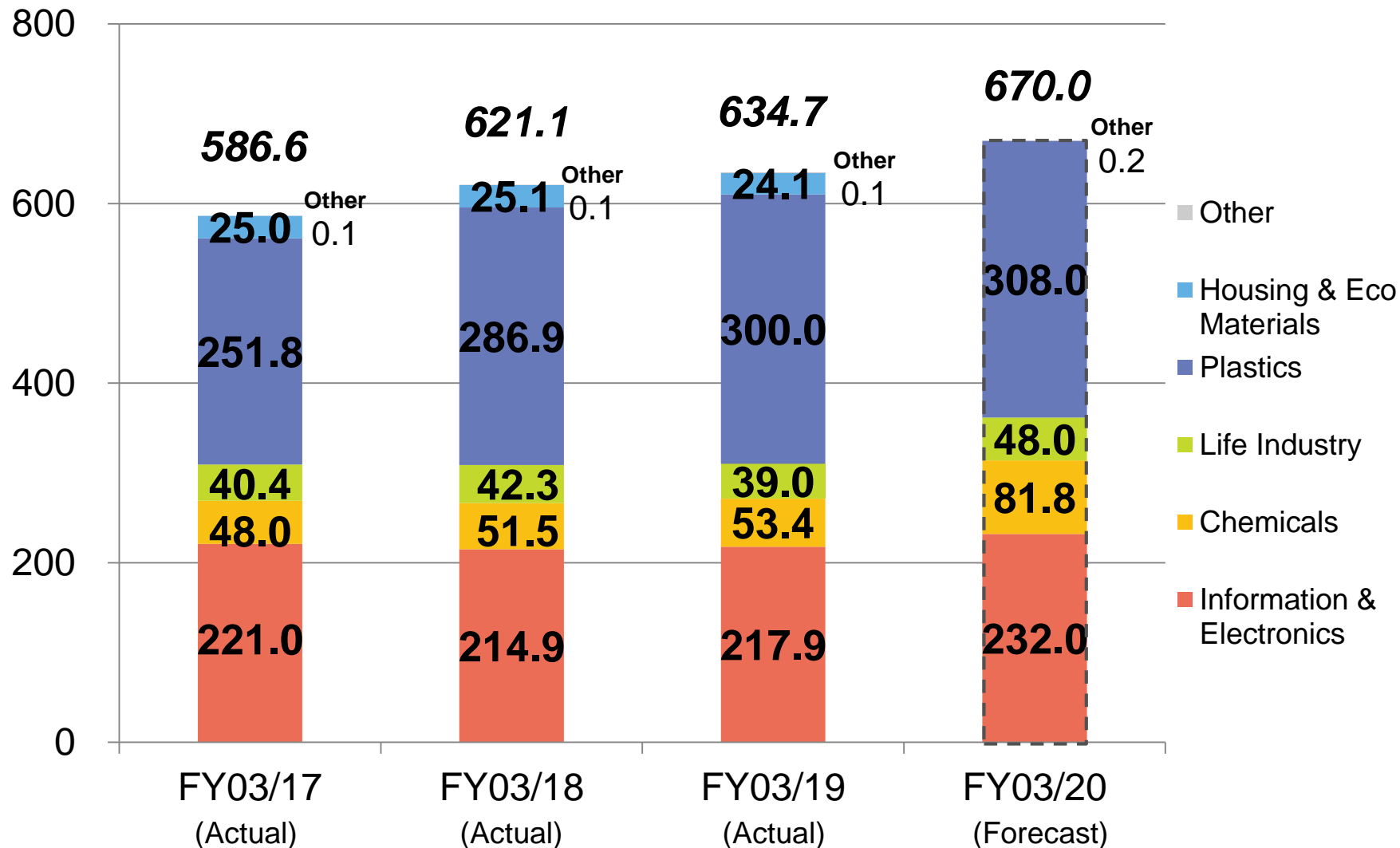
	1Q FY3/19	1Q FY3/20	YoY change
Information & Electronics	945	1,187	+25.6%
Chemicals	413	357	-13.6%
Life Industry	464	394	-15.1%
Plastics	1,631	1,534	-6.0%
Other	33	34	+2.7%
<b>Total</b>	<b>3,488</b>	<b>3,507</b>	<b>+0.6%</b>



# Sales Forecast by Business Segment



(Billions of yen)

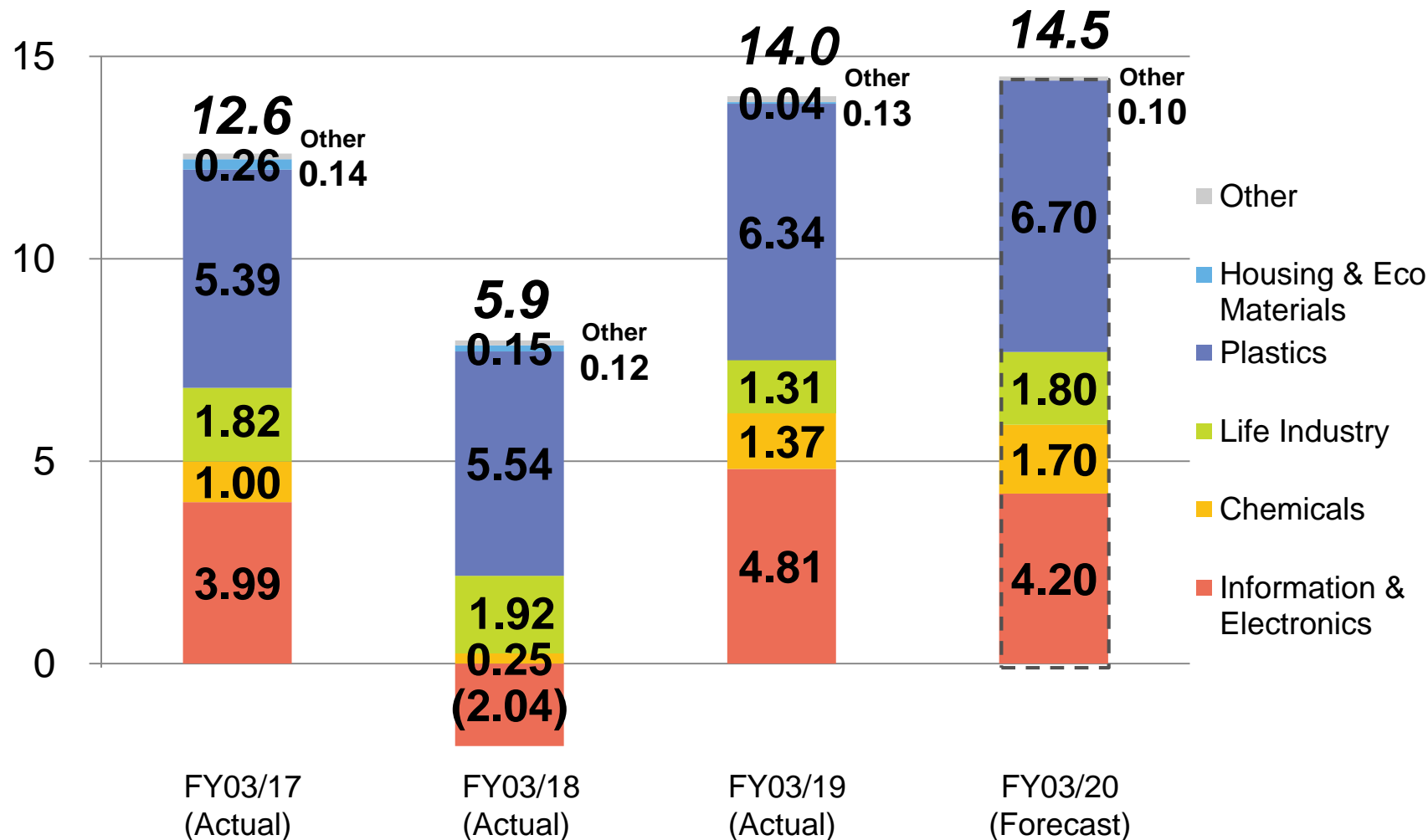


Note: The Housing & Eco Materials segment was combined with the Chemicals segment in FY03/20.

# Operating Profit Forecast by Business Segment



(Billions of yen)



Notes: In FY03/18, we posted an allowance for doubtful accounts in relation to a European subsidiary, of ¥5.90 billion in the Information & Electronics segment and ¥0.75 billion in the Chemicals segment. The Housing & Eco Materials segment was combined with the Chemicals segment in FY03/20.

## Policy on returning profits to shareholders

We target a total return ratio\* of approx. 30–35%.

Dividends per share:

■ FY03/19 results

Annual dividend: ¥48 (interim: ¥20, year-end: ¥28)

Value of treasury shares acquired: ¥936 million (600,000 shares)

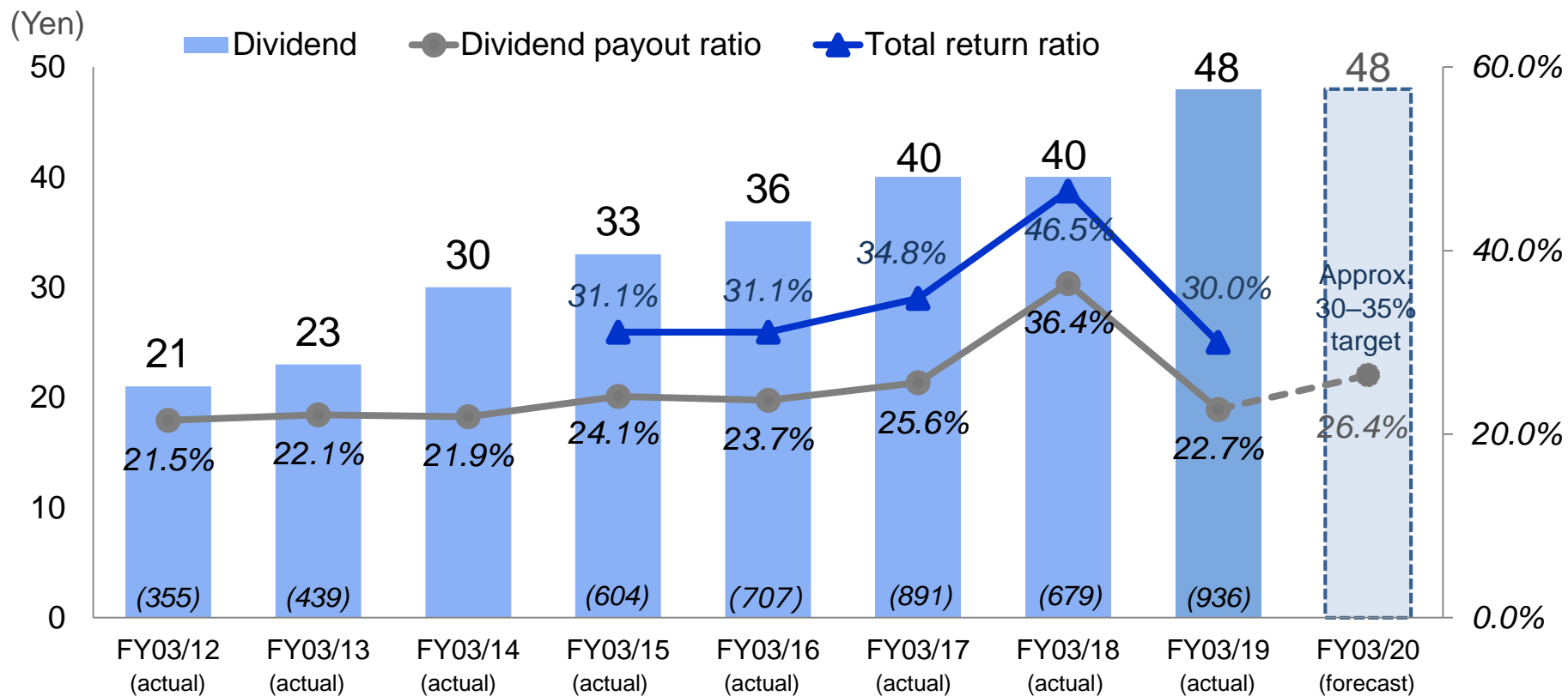
Total return ratio: 30.0% (dividend payout ratio: 22.7%)

■ FY03/20 (forecast)

Annual dividend: ¥48 (interim: ¥20, year-end: ¥28)

\* Total return ratio (%) = (dividend amount + amount of treasury shares acquired) / consolidated net income x 100

## Annual dividends per share and indicators of shareholder return



Note: The figures in parentheses at the bottom of the bar chart show the amount of treasury stock acquired (in millions of yen) during the period.

	Companies		
	Japan	Overseas	Total
Consolidated subsidiaries	7	37	44
(Of which, manufacturers)	(4)	(17)	(21)
Equity-method affiliates	4	1	5
(Of which, manufacturers)	(2)	(1)	(3)
Total	11	38	49
(Of which, manufacturers)	(6)	(18)	(24)

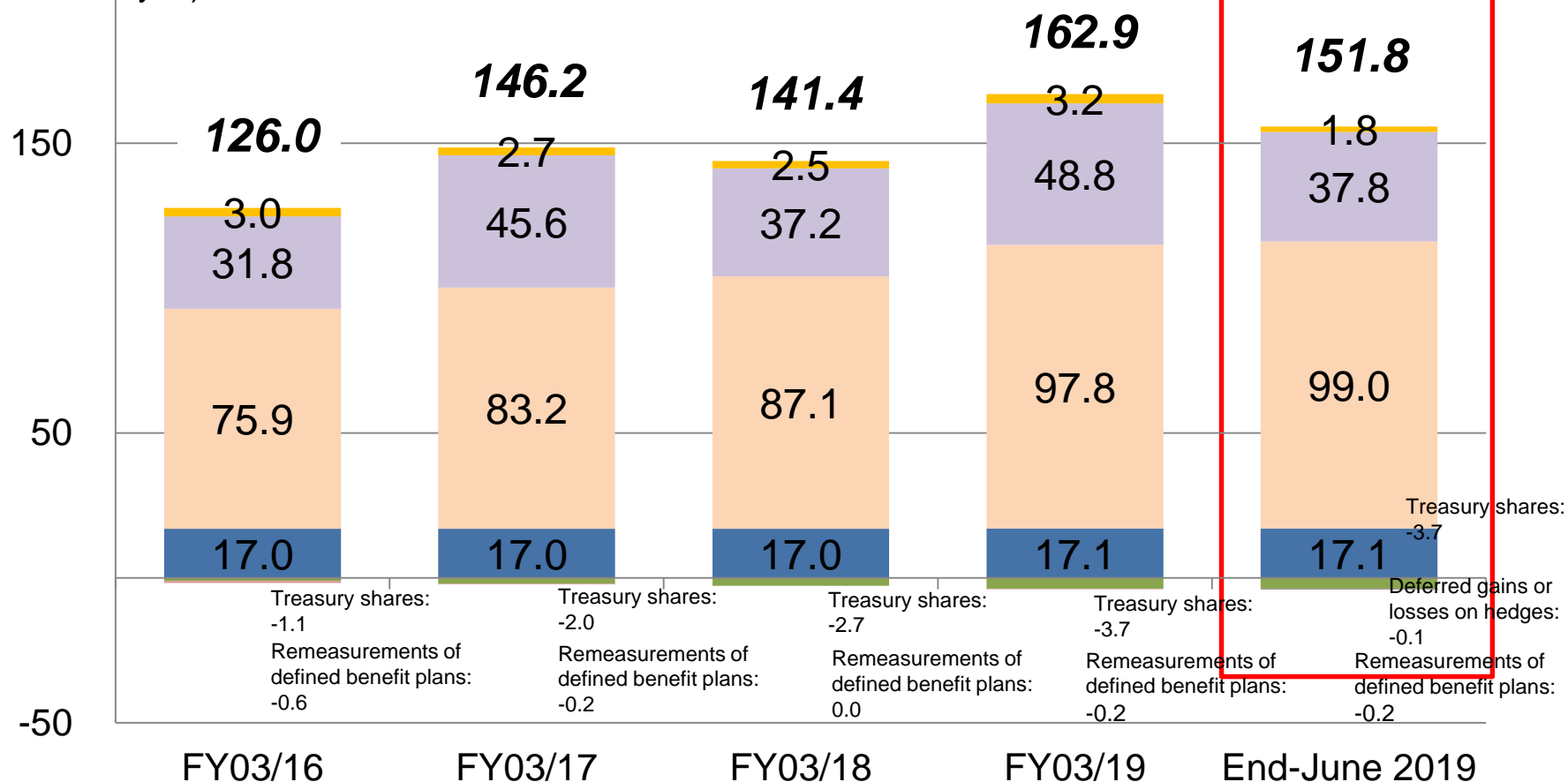


# (Reference) Equity Capital

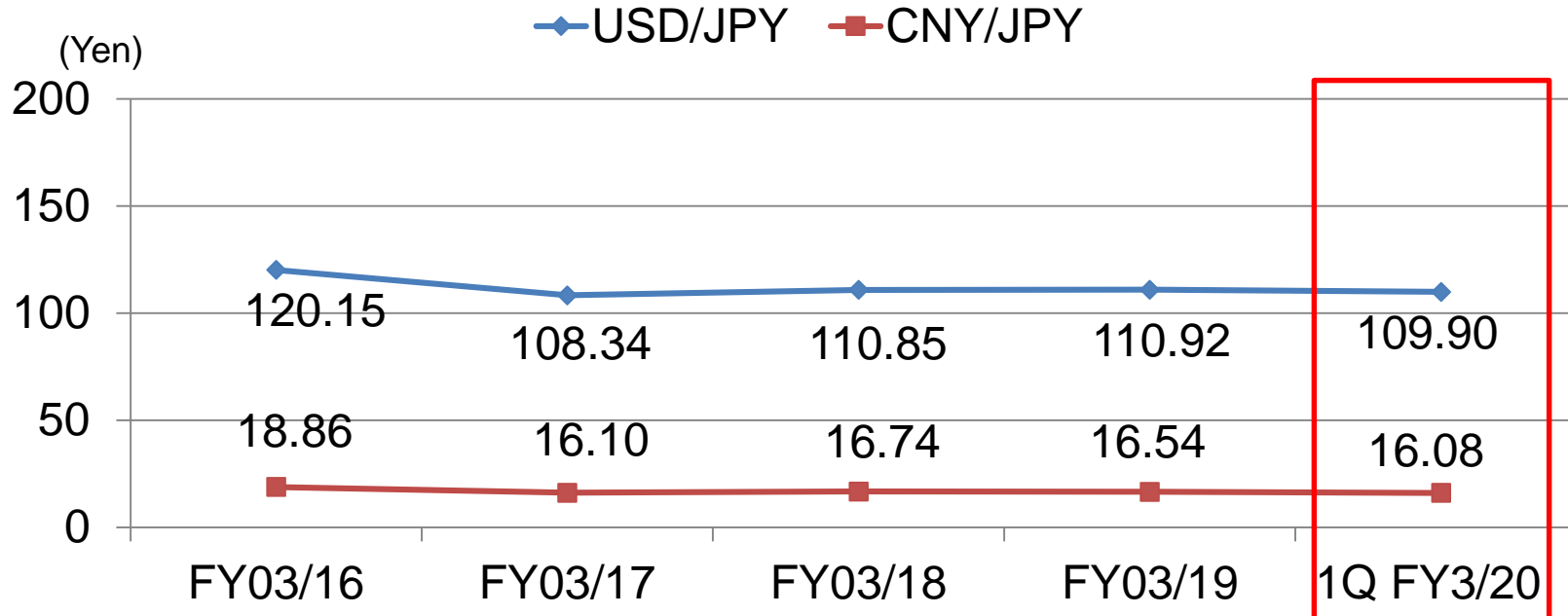
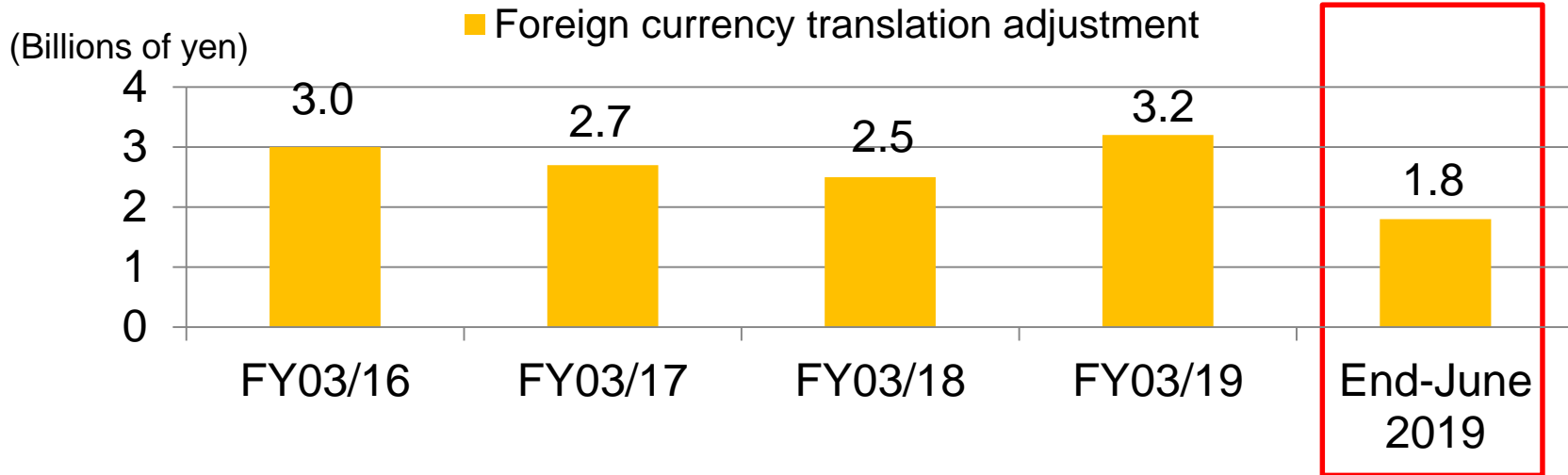


- Capital stock and capital surplus
- Retained earnings
- Treasury shares
- Valuation difference on available-for-sale securities
- Deferred gains or losses on hedges
- Foreign currency translation adjustment
- Remeasurements of defined benefit plans

(Billions of yen)



# (Reference) Impact of Exchange Rate Fluctuations on the Foreign Currency Translation Adjustment



## □ IR Inquiries

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### ◆Cautionary note regarding future estimates

The data and future predictions contained in this document are based on information available and judgments applicable at the time of the document's release. The data and future forecasts contained herein may include elements that are subject to change, and this document and its contents are no guarantee of future performance.

### ◆Presentation of numbers

Yen figures presented in these materials have been rounded off below the unit indicated. Consequently, individual figures may not sum to the total amounts indicated.